

Message Text

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ORIGIN XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02

OMB-01 NASA-02 OES-05 USIA-15 /068 R

66617

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EZ/IMS/ARDORNHEIM

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R 132246Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 056847

E.O. 11652: N/A

TAGS: APUB, ID

SUBJECT: RELEASE ON EXIMBANK CREDIT TO INDONESIA

FYI ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK
RELEASE ON THE DIRECT CREDIT OF \$53,690,000 TO THE REPUBLIC OF
INDONESIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN
WASHINGTON, D.C. FOR AM PAPERS, WEDNESDAY, MAR 26, 1975.

QUOTE: EXIMBANK CREDIT OF \$53,690,000 SUPPORTS \$153.4 MILLION
SALE OF U.S. TELECOMMUNICATIONS EQUIPMENT TO INDONESIA

TO HELP FINANCE A \$153.4 MILLION SALE OF U.S. EQUIPMENT AND
SERVICES REQUIRED FOR DEVELOPMENT OF A COMMUNICATION
SATELLITE SYSTEM IN INDONESIA, THE BOARD OF DIRECTORS OF THE
EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF \$53,690,000 TO FINANCE 35 PERCENT OF THE
TOTAL U.S. COSTS. A CREDIT OF \$84,370,000 FROM PRIVATE SOURCES
NOT YET DESIGNATED WILL COVER 55 PERCENT OF THE TOTAL U.S.

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COSTS. THE OBLIGOR, REPUBLIC OF INDONESIA, WILL MAKE CASH

PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$15,340,000. PERUM TELEKOMUNIKASI (PERUMTEL), WHICH IS WHOLLY-OWNED BY THE REPUBLIC OF INDONESIA, WILL BE THE USER OF THE EQUIPMENT AND SERVICES.

THE MAJOR SUPPLIER OF THE SPACE SEGMENT OF THE PROJECT WILL BE HUGHES AIRCRAFT COMPANY OF LOS ANGELES, CALIFORNIA. MAJOR SUPPLIERS OF THE GROUND SEGMENT EARTH STATION WILL BE HUGHES, FEDERAL ELECTRIC INTERNATIONAL DIVISION OF ITT OF PARAMUS, NEW JERSEY, AND WESTERN DEVELOPMENT LABORATORIES DIVISION OF PHILCO-FORD OF PALO ALTO, CALIFORNIA. THE PROJECT IS FOR A SYSTEM THAT WILL PROVIDE A WIDE VARIETY OF VERSATILE AND FLEXIBLE DOMESTIC COMMUNICATIONS SERVICES INCLUDING TELEPHONE, TELEX, TELEGRAPH, NATIONAL SECURITY COMMUNICATIONS, DATA TRANSMISSION, NATIONAL AND EDUCATIONAL TELEVISION, AND NATIONAL RADIO.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING SEPT 1, 1977. EXIMBANK'S DIRECT CREDIT OF \$53,690,000 WILL BE REPAID OUT OF THE LAST 6 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 10 PERCENT TO 10.25 PERCENT PER ANNUM. UNQUOTE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE056847
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750089-0893
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750353/aaaabvdx.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by GolinoFR>; APPROVED <27 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RELEASE ON EXIMBANK CREDIT TO INDONESIA FYI ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK
TAGS: APUB, ID
To: JAKARTA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006